

Message Text

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TO AMCONSUL STUTTGART PRIORITY

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LIMITED OFFICIAL USE STATE 005395

FOL RPT STATE 005395 ACTION BONN BERLIN INFO OECD PARIS

DTD 9 JAN

QUOTE

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E.O. 11652: N/A

TAGS: ETRD, FRG

SUBJECT: ANTITRUST: INVESTIGATION OF PRICE FIXING BY
LIEBHERR VERZAHNTECHNIK GMBH, KEMPTEN AND HERMANN PFAUTER
WALZFRASMASCHINENFABRIK, LUDWIGSBURG SUBSIDIARIES IN U.S.

1. DEPARTMENT OF JUSTICE IS CONDUCTING A PRELIMINARY
ANTITRUST INVESTIGATION TO DETERMINE WHETHER CERTAIN
DOMESTIC MANUFACTURERS OF GEAR-CUTTING MACHINES (KNOWN AS
HOBBING MACHINES) AND FOREIGN COMPETITORS HAVE BEEN
ENGAGED IN PRICE FIXING AND POSSIBLE OTHER VIOLATIONS OF
THE SHERMAN ANTITRUST ACT. ON THE BASIS OF RESULTS THUS
FAR, JUSTICE WILL INITIATE A GRAND JURY INVESTIGATION IN

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DETROIT IN THE NEXT SEVERAL DAYS.

2. WHEN THE GRAND JURY IS CONVENED, SUBPOENAE MAY BE ISSUED REQUIRING THE APPEARANCE OF OFFICERS OR EMPLOYEES OF (1) LIEBHERR VERZAHNTECHNIK'S SUBSIDIARY, LIEBHERR AMERICA, INC. OF NEWPORT NEWS, VIRGINIA, WHICH HAS A MACHINE TOOL DIVISION IN DETROIT; AND (2) TERMANN PFAUTER WALZFRASMASCHINENFABRIK'S SUBSIDIARY, NAMED AMERICAN PFAUTER, INC., IN ELK GROVE VILLAGE, ILLINOIS. THESE SUBPOENAE MAY REQUIRE PRODUCTION OF DOCUMENTS THAT MAY BE LOCATED IN THE FEDERAL REPUBLIC OF GERMANY.

3. ACTION REQUESTED: IN ACCORDANCE WITH 1967 OECD RESOLUTION, EMBASSY AND US MISSION BERLIN ARE REQUESTED TO NOTIFY APPROPRIATE FRG AUTHORITIES URGENTLY OF GRAND JURY ACTION AND ELICIT THEIR COMMENTS. IT SHOULD BE STRESSED TO FRG THAT DUE TO THE NATURE OF GRAND JURY PROCEEDINGS, THE COMPANIES SHOULD NOT BE NOTIFIED AT THIS TIME. THEY WILL BE NOTIFIED LATER THROUGH APPROPRIATE LEGAL PROCESS. JUSTICE WILL WITHHOLD ACTION FOR AT LEAST FIVE DAYS IN ORDER TO RECEIVE ANY COMMENTS ON FOREIGN POLICY OBJECTIONS. KISSINGER

UNQUOTE KISSINGER

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